

INDIANA ECONOMIC DEVELOPMENT CORPORATION

February 14, 2006

Michael Dart
General Counsel
Indiana Department of Local Government Finance

Dear Mr. Dart,

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule 50 IAC 23 proposed by the Department of Local Government Finance. The proposed rule provides for a uniform and common property tax management system among all counties that includes a combined mass appraisal and county auditor system integrated with a county treasurer system. The rule would affect county officials involved in the administration of the property tax system and Computer Assisted Mass Appraisal (CAMA) System and Tax and Billing System vendors.

The Feasibility Study for the establishment of the uniform statewide CAMA system estimated the total statewide costs to counties of such a system as approximately \$50 million. A portion of this cost would be funded through county property tax receipts, creating a potential impact to small businesses in the form of higher property taxes. However, this cost would be distributed statewide and represents less than 1% of total property tax collections.

The rule also could affect small businesses by requiring CAMA and Tax and Billing System software vendors to invest significant capital to upgrade/update their systems to remain in compliance with the new standards and maintain their market share in Indiana CAMA and Tax and Billing System contracts. While the specific amount of investment required to achieve compliance with the new standard is not known, vendors will be able to offset a portion of this cost through additional future work as counties update their own CAMA and Tax and Billing Systems to comply with the new standard.

Importantly, in the 2005 Session, the Legislature required the DLGF to issue rules before July 1, 2006, regulating both the CAMA systems used in Indiana and the Tax and Billing Systems used in Indiana. The experience that the department and all local government in Indiana had with the most recent reassessment pointed out the need for consistent, accurate, and usable data in the maintenance and administration of the property tax system. Due to the inconsistent and noncompliant systems and processes in use, the systems are slow and unresponsive to the needs of the public officials that administer them. The IEDC does not object to the impact on small businesses associated with this rule. The costs associated with the rule appear reasonable and will help make necessary improvements to the state's property tax system.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,



Ryan Asberry
Director – Research
Indiana Economic Development Corporation